

**Housing First and Social Finance:**  
*An overview a Social Impact Bond opportunity*

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# Mental health and homelessness in Canada

## Homelessness remains a major social problem in Canada

- 520,000 people living with mental health illness inadequately housed
- 120,000 of which are homeless

## Only 25,000 supportive housing units available

## The population faces a range of difficulties

- Long waiting lists for supportive housing, and poor quality housing alternatives
- Inaccessible healthcare services and social supports
- Employment barriers and inadequate income
- Food security

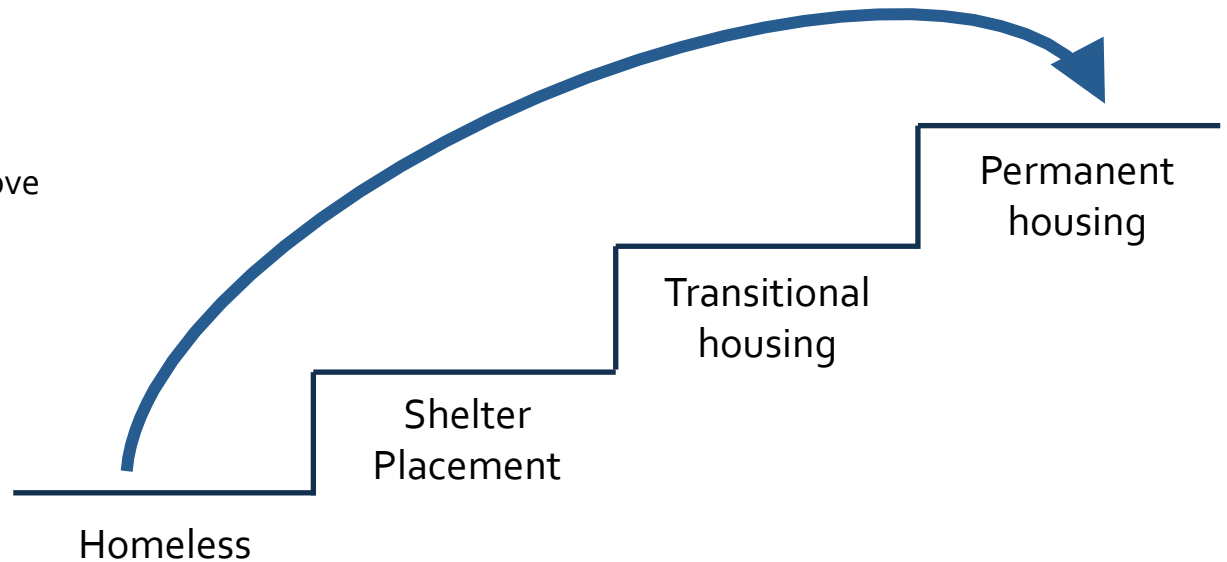
# Housing First is a best-in-class intervention for homeless people with mental illness

## Housing First:

No requirement for readiness. Move from the streets, shelters, and ER rooms into permanent housing

## Treatment as usual:

Client must demonstrate readiness for each step



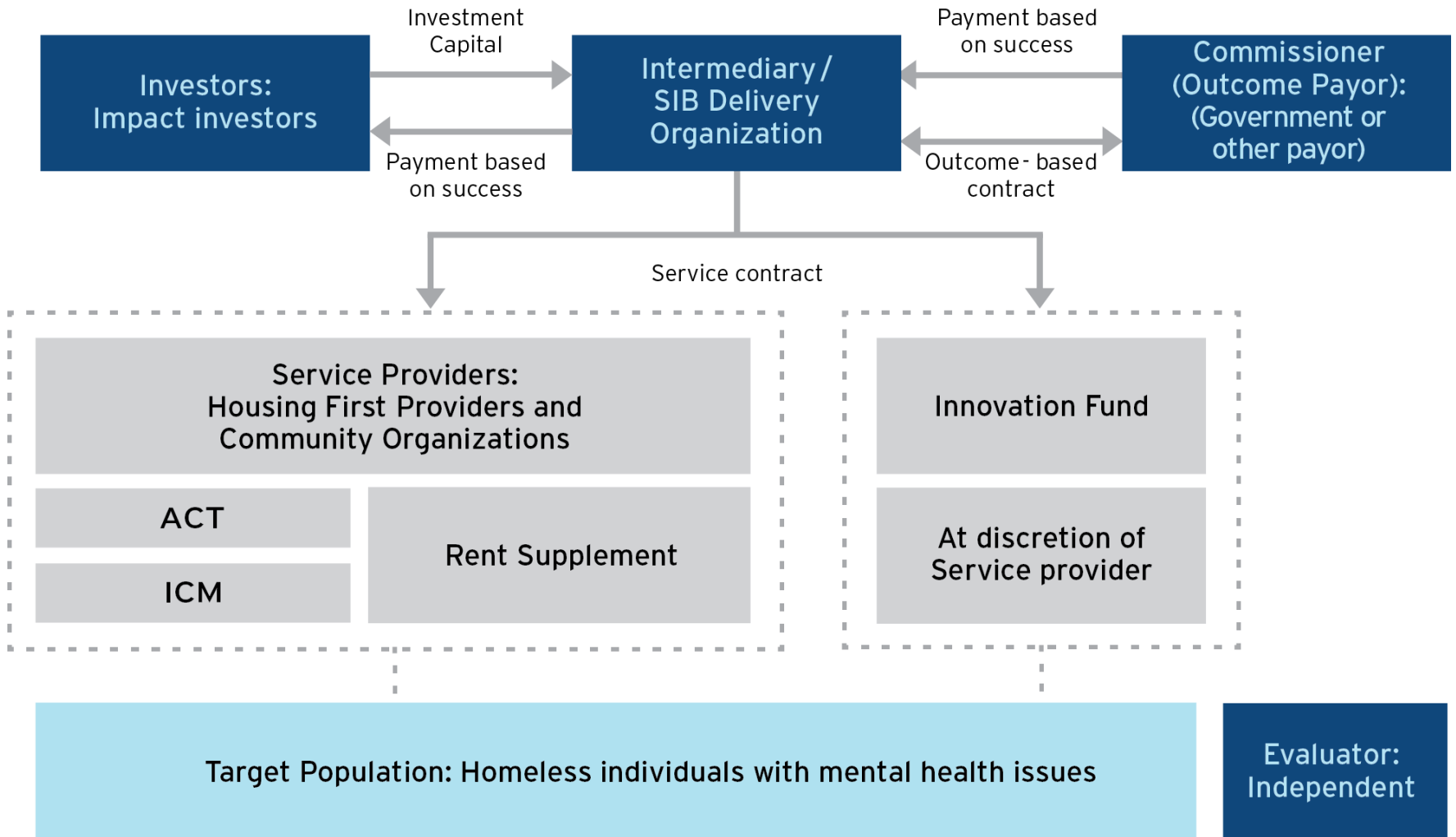
*Adopted from presentation by ESDC: 2014-1019 Renewed Homelessness Partnering Strategy*

## **2008-2013: \$110M research and demonstration project called At Home / Chez Soi (AHCS)**

- Housing First pilots across 5 cities (Toronto, Vancouver, Moncton, Montreal and Winnipeg)
- Over 2000 participants, including rigorous data tracking and research (RCT)
- Final results have been published in spring 2014

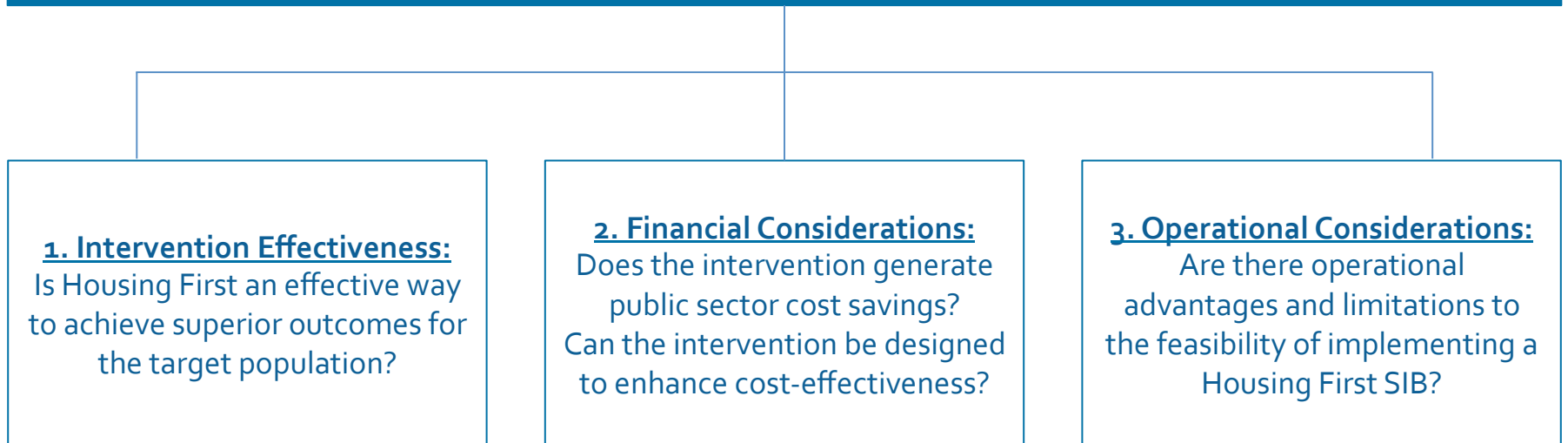
**High-quality evidence: effectiveness in achieving social outcomes and cost offsets**

# Housing First SIB Framework



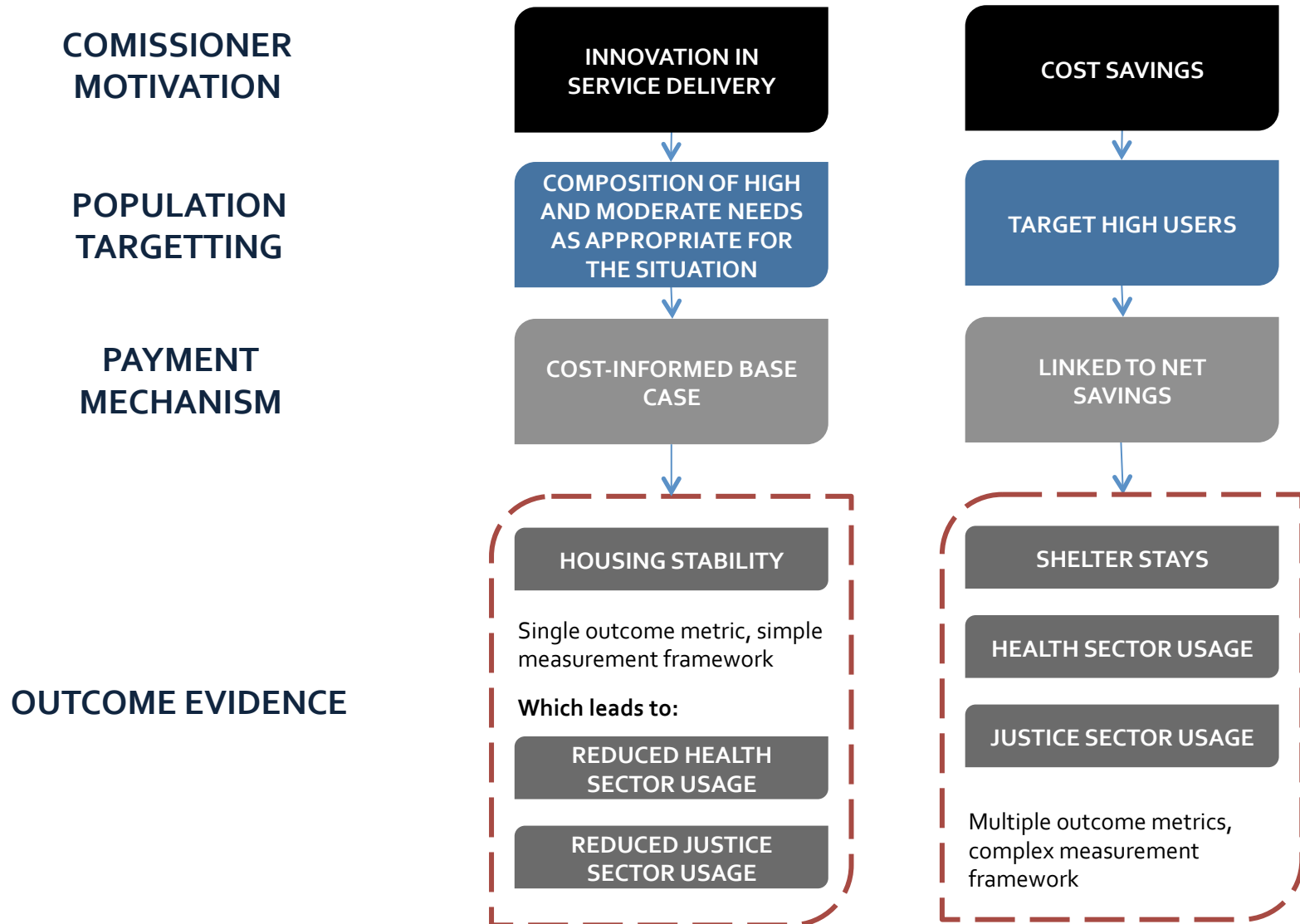
# The feasibility question

Is a SIB a suitable instrument to fund rent supplements and/or support services for homeless individuals with mental health issues?



Rely on At Home / Chez Soi as primary evidence base

# Two philosophies for government adoption of HF SIB



# Modelling Housing First SIB – Intervention scope

## HF SIB Model

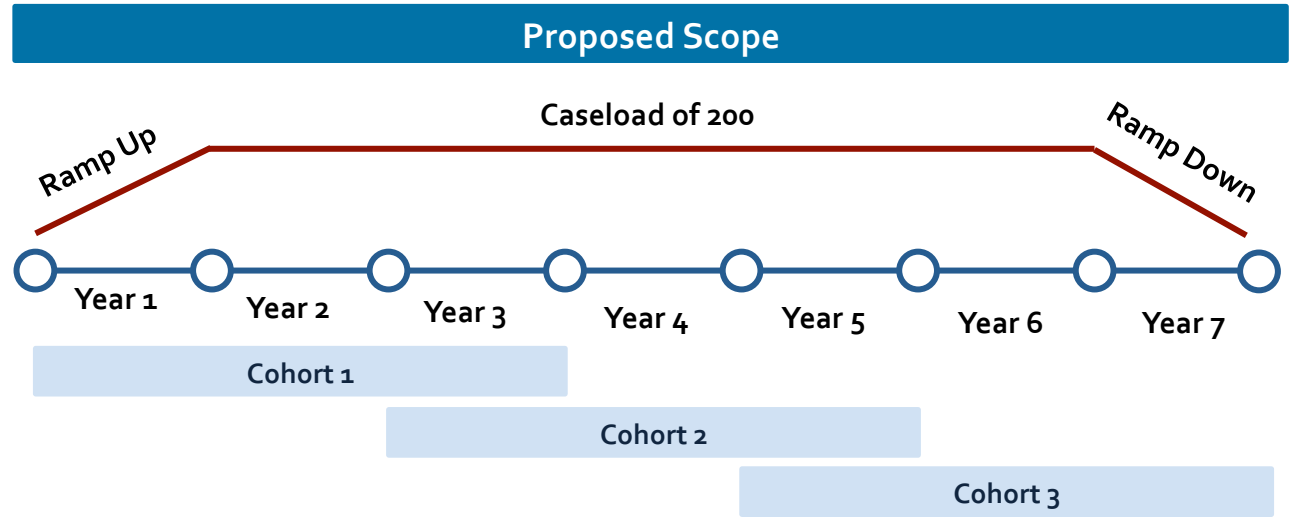
Intervention scope

Intervention costs

Public sector value

Payment mechanism

Investment structure



Each client will receive 2-years of intervention at which time will be assessed for either additional 2-years of graduation from services

# Modelling Housing First SIB – Intervention costs and public sector value

## HF SIB Model

Intervention scope

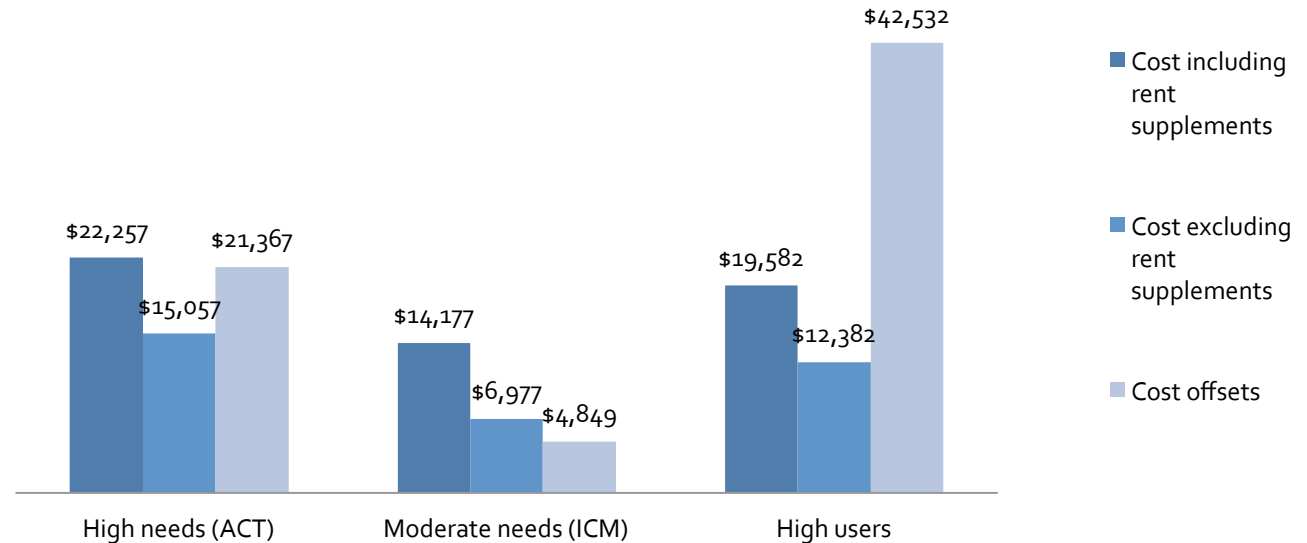
Intervention costs

Public sector value

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Investment structure

Intervention Costs and Savings Per Client Per Year



**High Users** - The highest 10% users of public sector usage prior to the intervention are distributed across the high and moderate needs groups – 61% and 39% respectively – and do not necessarily represent higher intervention costs.



# Project highlights and opportunities to be a part of the solution

## 1. Effective intervention

Housing First is an effective intervention with top-tier evidence base

## 2. Adaptable program

Ability to align target population to government needs

## 3. SIB feasibility and preliminary design completed

## 4. Committed delivery partners

## 5. Investor engagement underway

## 6. Government interest, but...

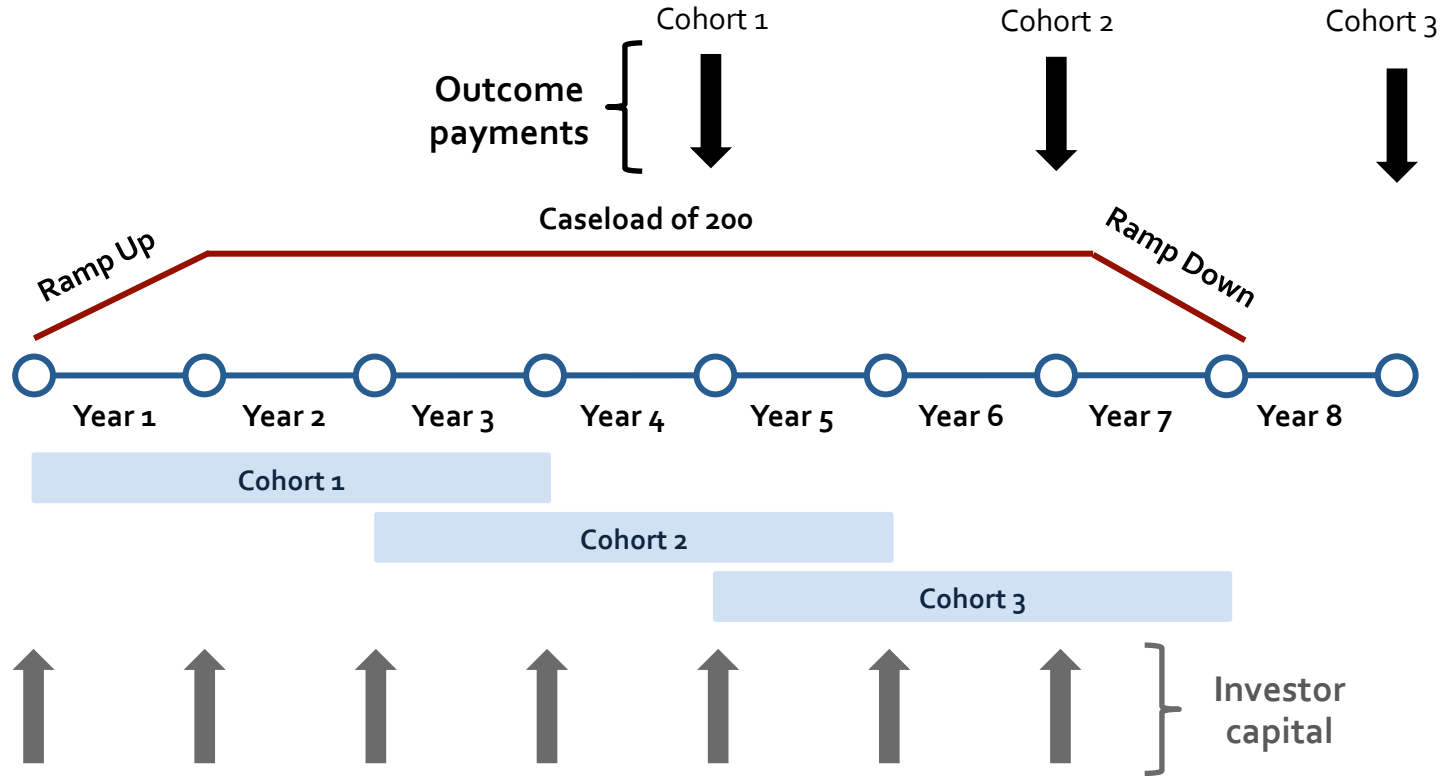
Currently soliciting interest from potential commissioners

# Modelling Housing First SIB – Payment mechanism

HF SIB Model	Linked to savings	Hybrid payment mechanism	
		Cohort-based	Individual achievement
Intervention scope	AHCS performance Reduction in public sector usage	AHCS Performance 73% of days housed	AHCS Performance 62% of people housed all of the time in last 6 months
Intervention costs			
Public sector value	Commissioners pay based on reduction in selected usage metrics	Commissioners pay investors a unit price based on historical performance of AHCS that covers investment for total cohort (sliding scale with cap/floor)	
Payment mechanism			
Investment structure	<p><b>Mitigating perverse incentives:</b> Hybrid mechanism to avoid cherry picking Additional metrics to ensure quality in service delivery (e.g. housing quality, community integration, quality of life, recovery) and fidelity to HF standards.</p>		
	Payment mechanism method	Outcome price calculation	
	Outcome metric performance	Potential perverse incentives	

# Modelling Housing First SIB – Investment structure

- HF SIB Model**
- Intervention scope
- Intervention costs
- Public sector value
- Payment mechanism
- Investment structure



**\*** Investment is provided by investors upfront to cover annual costs. Service providers would have access to a flexible pool of capital to test innovative interventions that meet the specific needs of participants.